



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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January 8, 1999

TO: Minerals File

FROM: D. Wayne Hedberg, Permit Supervisor *DWH*

RE: Site Inspection, Geneva Steel Company, Iron Mountain Mine, M/021/008, Iron County, Utah

Date of Inspection: October 29, 1998

Time of Inspection: 9:00 - 1:30

Conditions: overcast, windy & cool

Participants: Clyde Gabbitas (Geneva Steel); Ed Ginouves (BLM), Wayne Hedberg, Lynn Kunzler (DOGM)

Purpose of Inspection: To discuss and determine a mitigation area(s) to address a condition to final approval of a permit revision.

We met Mr. Gabbitas in Cedar City then caravanned out to the Iron Mountain mine area. We turned right at mile marker 44 onto a dirt road which leads out to a gate at the entrance to the Comstock/Mtn. Lion mine area. Our initial stop was at the surface facilities area just east of the Mtn. Lion/Comstock Pit. From this vantage point we looked over the "Ant Hill" borrow area (was historically surface dredged) before heading over to look into the Mtn. Lion/Comstock Pit. According to Mr. Gabbitas active iron mining had ceased in these pits back in 1995. Water is no longer being pumped out of the pits. Mr. Gabbitas stated that Gilbert Development Corporation ceased pumping activities about a year or so ago. There is a fair amount of water that has ponded in the pits now. He said that Geneva has no plans to reactivate the mining in this area for the next couple years (not before turn of the century).

Mr. Gabbitas indicated that Geneva is operating in a "survival mode" presently, trying to avoid filing for bankruptcy. Cheap foreign steel imports are being dumped on the west coast (California) at @\$40/ton less than what Geneva and many other US steel makers can produce it domestically. Geneva's Orem plant's production is down to @12,000T/week from 35,000T/week. The stock share price is down to just over \$1 per share.

A Direct Reduced Iron (DRI)? steel producing system is now being considered by Geneva. There are apparently none in the U.S. yet, but one in Australia/Austria(?). This "High

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Smelt" system makes hot iron without the use of coke. Mr. Gabbittas said there are apparently government subsidies available to assist in financing the development of this type of technology in the U.S. A decision would have to be made by the year 2000 as the potential government funding may dry up by then. The high silica iron ore at Iron Mtn. apparently plugs up the blast furnaces, so this iron ore source isn't being used presently. A USX owned iron ore pelletizing plant in Mintec, Minnesota is Geneva's primary source of iron ore feed stock presently.

Mr. Gabittas said that LaVoy Woolsey is still employed by Geneva on retainer as a part time "land lord" caretaker to maintain gates, roads, facilities, etc. Roy Benson and Craig Barlow are now apparently working for Covol Corp. out of St. George, Utah. Staff cuts in hourly workers have dropped from 2600 to 1750 and management from 260 positions to 85. He said staff reductions are expected to continue.

We performed brief, general site inspections of the Iron Mtn. Facilities area, looked at a couple of the existing pits (Blackhawk, Blowout, Duncan?), several waste dumps and the Blackhawk Fines area. We also inspected the Tip Top and Excelsior/Chesapeake quarry areas. A significant amount of rabbit brush has naturally reinvaded the top of the waste dump areas and the down slopes in these two areas.

Because Mr. Gabbittas' was unfamiliar with Geneva's approved Iron Mtn. permit we were not able to determine and select mitigation areas during this site visit. We agreed to regroup in the spring after Geneva representatives have the opportunity to locate and review their copy of the approved mining and reclamation plan. Both sides will need to sit down and discuss possible areas after reviewing maps, then meet again onsite to select the appropriate mitigation areas.

Several photos were taken of select sites that were visited during the inspection.

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